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DDI- 04229-85
20 AUG 1985

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence
Executive Director

FROM: Robert M. Gates
Deputy Director for Intelligence

SUBJECT: Response to Note from Secretary Shultz on
Dependence Paper [redacted]

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1. Action: Review and sign the attached letter. [redacted]

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2. Background: Secretary Shultz sent you a note dated 12 August agreeing with statements made in our recent assessment entitled US Dependence on Foreign Defense Manufactures: An Emerging Vulnerability [redacted] Specifically, he endorsed our recommendation that a more comprehensive effort be made to measure foreign content in US weapons systems. We feel that the Department of Defense must take the lead in this matter. There is little more that the Agency can do at this point. We are working closely with the Director of Emergency Planning and others in DoD concerned with industrial mobilization issues. I recommend that you raise this issue with Secretary Weinberger at one of your luncheon meetings. [redacted]

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Robert M. Gates

Attachment:
As stated

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[redacted]

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[redacted]



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SUBJECT: Response to Note from Secretary Shultz on Dependence Paper

DDI/OGI/CTID:  (20 Aug 85)

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Distribution:

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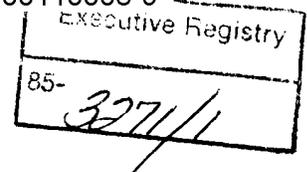


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The Director of Central Intelligence

Washington, D. C. 20505



28 August 1985

The Honorable Frederick Ikle
Under Secretary for Policy
Department of Defense
Washington, D. C. 20301

Dear Fred,

I told you we were working on developing US dependence on foreign defense manufactures. I enclose a copy of that study and particularly would like to bring to your attention the concluding paragraph of the Key Judgments, which reads as follows:

"We believe a more comprehensive effort is needed to measure foreign content in US weapon systems. Although major military suppliers/subcontractors are well known, no systematic effort has been made to identify ultimate component and materials suppliers. This lack of information creates unnecessary risks because it hinders identification of potential vulnerabilities and disguises areas in which foreign suppliers may play an essential role in the development and manufacture of US military systems."

It seems to me that you are in the best position to take the lead on this. Let me know how we can help. I heard from George Shultz on this to the effect that it should be undertaken and that he would be glad to support such an effort. I enclose a copy of George's note to me.

Yours,



William J. Casey

Enclosures:

1. Letter to DCI from Secretary of State, dtd 12 August 1985
2. US Dependence on Foreign Defense Manufactures: An Emerging Vulnerability, dtd July 1985



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[Redacted]

Central Intelligence Agency



Washington, D.C. 20505

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28 AUG 1985

The Honorable George P. Shultz
The Secretary of State
Washington, D.C. 20520

Dear George:

I appreciated your comments on our recent report on US dependence on foreign defense manufactures. Defense, of course, must take the lead in developing the capability to monitor sources of key parts and materials used in US weapons systems. Our people will continue to follow the issue from a foreign perspective, identifying areas where foreign suppliers may emerge as the principal sources of critical parts, materials and equipment needed for US defense production. [Redacted]

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Yours,

7s7 Bill

William J. Casey
Director of Central Intelligence

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